Preserve

20/1/03

App. F. IX-4

Previous References

1929. (G.7)

File No. 20-29.

Serial Nos. 1, 2, & 3.

PRESERVED

Later References

9/7. 20-29-4

P.10/29

General and Revenue Secretariat.

Serial Nos.

Part B for August 29.

SUBJECT

Purchase of Madras & Southern Maharatta Railway Debentures.

4580 12-7-29

G.2 20.29.1 256

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT.

No. 49 Books.

BOOK DEPARTMENT.

Bangalore, dated 11 th July 1929.

GENL. & REV. SECTT. 13 JULY 1929 FINANCIAL BRANCH.

To

THE FINANCIAL SECRETARY

TO THE GOVERNMENT OF

H. H. THE MAHARAJA OF MYSORE.

Bangalore.

Sir,

In continuation of this office letter No. ~~233/48~~ 48/Books dated ~~19 th June~~ 2 nd July 1929,

Date of purchase 17 th June 29

Year of Stock 1938

Face value of Bonds purchased £2500/-

Rate 78 /.

Cost price £1960-1-6 including £10-1-6 towards Govt Ele

Total face value of paper purchased since may 24 up to date :-

1936 Stock: £57.433/-

1938 Stock: £75.721/-

Total Cost-dr incl above:-

£102.936-18-1.

Total Stock purchased upto date:-

1936 Stock: 322,722/-

1938 Stock: 169,509/-

I have the honor to report that ~~telegraphic~~ intimation has been received from Messrs. COUTTS & Co., intimating the purchase of the marginally noted 4 per cent Madras and Southern Mahratta Railway Debenture Stock.

I have the honor to be,

Sir,

Your most obedient Servant,

S. Thamanna

Comptroller.

COM100-200-7-4-20

rcpd. Fin. The purchase reports have received upto date from the Madras Govt Ele Undertaking Stock 11/7/29 MAN

Note—Contn. Sheet

General and Revenue Secretariat | G7 File No 20 1930 of 1929

Serial No.

From the comptroller
No 480 dated 18th July 1929
Books

Forwards intimation of the purchase of the 1938 debenture stock of the face value of £ 2500.

Dr Secy's orders on the file

1 The position requires to be reviewed regarding the purchase of these irredeemable stock especially of 1938. Put up papers with a note at once. WD BS 12/7.

2 On the recommendation of Mr K. L. Datta Govt first ordered in 1917 February the purchase of 4% M.S.M. stock of 1936 (re Loan raised on behalf of the State.) at 77%. This continued till Dec 1919. and purchases to the extent of 287.849 were made at ~~varying~~ rates varying between 71 1/4% to 75% as in the Margin.

Year	Face value	
1916-17	135·380	74% + 74 5/8%.
1917-18	67000	73 3/4 - 77%
1918-19	6000	- do -
1919-20 to From Jany 1920.	35·250	65% 75% (1936 high rates 1938 low rates)
1920-21	86938	62% + 69%
	£ 360.037.	

3 ~~Dr~~ Messrs Coutts & Co wrote that it was difficult to get 1936 stock even at 75% while 1938 stock was available at 69% Govt ordered the purchase of either stock preferably 1936 at the market rate. By 1921 a total stock of the face value of 360·037 was purchased. On 14·2·1921 cable instructions were sent to Bankers to stop further purchases

NOTE—Contn. sheet

Serial No.

Rate details have been obtained from Bank section

		Rates including interest accrued
137	360.037	
1923-24	22559	73 5/8 / 77 1/8
1924-25	49591	73 1/2 / 77 1/4
1925-26	25.250	73 1/4 / 76 1/4
1926-27	26011	76 3/4 / 79 1/4
1927-28	3750	78 1/2
1928-29	11.033	77 1/2 / 78 1/4
	4.92231	

Again in March 1924 the Bankers were authorised to resume purchase within the limit of 96 l. plus accrued interest to the extent of 5 lakhs This continued till April 1926 when a total Stock of the face value of £ 457.487 were purchased at rates varying between 74 1/4 & 77 1/4

As quick purchases could not be made the rate of purchase was raised to 79 1/4 in Febry 1927 and again to 81 1/2 in Octr 1928 - Beyond this it was thought not advisable to go further ~~there have been~~

From May 1929 they have again resumed their ~~purchasing~~ and have advised purchase to the extent of £ 11033.

There appears to be no material benefit in purchasing the securities especially as the cash resources are at present are limited.

The likelihood of discharging the Stocks in 1936 by the Mysore Govt and by the Govt of India of the 1938 Stock is very remote.

Investments in respect of liquid debts outside India will not be of much advantage.

The exchange is favourable for remission of surplus funds - from London to India.

Subd with G.7 files nos 156-28 & 213-27 (1 copy)

NSRU 19/7/29 W.A. copy of the Resources Estimate

Not examined Please see 1 copy of in duplicate file

NOTE—Contn. sheet

256 & 335/28

4

Removed for reference

for the months of July & August is put up

It is seen therefrom that the cash balances are very low and do not admit of any further investments in the Debenture Stock

Messrs Coutts & Co rate of interest for overdrafts is it is ascertained from the Budget section 1/2 % more than the Bank of England rate as any time — which at present is 5½ %.

Resubmitted for orders

20/7/29

20/7/29

The latest Reserve Statement received from the Comptroller indicates that there has been a general fall in our cash balances pointing to the possibility of having an overdraft arrangement with the Imperial Bank and perhaps if the Bank rate goes up, remittance from London may be cheaper. I understand from the Supdt., Budget Section of the Comptroller's Office that the Comptroller has addressed ~~the Standard~~ Messrs Coutts & Co as to the reason why they are purchasing Stock freely ~~up~~ after May 29, whether the market conditions are easier & whether large lots are on offer in the market and that on receipt of reply Government be addressed accordingly. The file may be referred to Comptroller also for remarks & suggestions.

693/20/7

COMPTROLLER'S OFFICE No. 44/81 23 JULY 1929 BANGALORE.

9 23-7-29

Sec'y

20/7/29

To Comptroller with compliments

20/7/29

pTO

WD 01684—GPB—30,000—20-4-29

General and Revenue Secretariat

File No. 835/20

App. F. III—2] of 1929

Serial No.

no. 260/1314

13 Returned with compliments.

2 I enclose herewith for reference, a copy of my letter dated 18th July 1929 addressed to Messrs. Coutts and Co., in the matter. I shall send a note after receipt of a reply from the Bankers.

S Chapman

Comptroller.

OFFICE OF THE FIRST [illegible] SECRETARIAT

No 841

Note—Comm. Street (SAM)

WD 01684—GPB—30,000—20-4-29

G 7 W 29 6

Letter No.142/Books. dated 18th July 1929 from the Comptroller, Mysore Government, Bangalore, to Messrs.Coutts & Co., London.

I have the honor to state that there were no purchases by you of the Madras and Southern Mahratta Railway Debenture Stocks on our behalf during the period October 1927 to April 1929; but since May last you have been able to purchase a few small lots. I request you to kindly let me know whether the appearance of sellers in the market is only temporary or there is any probability of large lots being secured in the near future. You may kindly ask your brokers to make enquiries in the matter, particularly with reference to 1936 stock and let me know.

" C O P Y "

Superintendent,

SAM)

T.F 20.29.2 Ex Genl.

747/H

FINANCIAL SECRETARY
10 AUG. 1929
No.

FINANCIAL SECRETARY
10 AUG. 1929
No. 1039

U.O.No.Books 311 dated 9th August 1929.

Purchase of 4% M.&.S.M.Railway Debentures.

Kind reference is invited to my U.O. reply No. 260/Books dated 30th July 1929 to an enquiry by the Financial Secretary on the above subject, and copy of my letter dated 18th July 1929 to Messrs. Coutts and Co., enclosed therewith. Between 10th May and 4th July 1929, debentures of the face value of £13,000/- (mostly 1938) were purchased at rates varying between 77¼% and 78% and I had suggested that on receipt of a reply to my reference from Messrs. Coutts and Co., further action might be considered.

2. I have since received intimation of a further purchase between 5th July and 16th July 1929, of debentures of £7,000/- (1938). In view of our present low cash position and the fairly heavy purchases now being effected by the Bankers, I request orders of Government as to whether I may issue instructions by cable to Coutts and Co to stop further purchases for the present or to reduce the purchase rate to the old limit of 76% (raised to 79% in February 1927).

3. A reply may be expected from Messrs. Coutts and Co., to my letter dated 18th July 1929 by about the end of this month; but if we wait till then there is risk of the Bankers purchasing some more debentures, which may not be quite welcome at present.

V. Bhamanna

Comptroller.

The Federal Reserve Bank (N.Y.) has raised the rate from 5-66 pc - The Bank of England rate is 5-½ - An enhancement of this rate is likely - In view of the conditions of the money market in London, it is desirable that we should revise our conditions of offer for purchase of the S.M.R.y Stock - Pending detailed instructions Coutts may be cabled to stop further purchases of 1938 stock and confirm the purchase rate of 1936 stock limited to 76% -

Immediate note and reply to 1st member

10.8.29

The Financial Secretary to the Govt. of Mysore, Bangalore, with compliments.

A. Appu

MSR

To comply with enquiries. 10-8-29

Issued.

Serial No.

Q. O. 341 12-8-29
Book

Returned with Compliments. Cable instructions were issued accordingly to Imens Coutts & Co, London on 10.8.29.

Acctt. General
Comptroller 12/8
GR

To,
The Financial Secy.

Fin Secy 12.8.29
Coutts mfg wants
letter again

This file is necessary for septm
13/8/29

WD 01684—GPB—30,000—20-4-29

30 AUG. 1929
No. 1482

U.O.No.448/Books dated 28-8-29

FINL. & REV. SECTT.
30 AUG. 1929
FINANCIAL BRANCH.

FINANCIAL SECRETARY
29 AUG. 1929
No. 2687

Purchase of Madras & Southern Mahratta Railway Debentures

In continuation of my U.O.Note 511/Books dated 9th August 1929, I am submitting herewith for the information of Government copy of letter No.S.T HER 6 dated 8th August 1929 from Messrs. Coutts & Co in reply to my letter No.142/Books dated 18th July 1929 in the matter.

2. As already reported, instructions by cable were sent to Messrs. Coutts & Co., "to stop further purchases of 1938 stock and to consider the purchase rate of 1936 stock as limited to 76%".

Comptroller.

To

The Financial Secretary
to the Government of Mysore,
with compliments.

CV

Letter No.ST/HER 6 dated 8th August 1929 from Messrs. Coutts & Co., London, to the Comptroller in Mysore, Bangalore

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Ref - 142/Books

We are favoured with your letter of the 18th ultimo, and we have had pleasure in inquiring of our Brokers regarding the market in Madras & Southern Mahratta Railway Debentures Stock.

They tell us that they think the reason that a few amounts of the Debenture stocks have come on offer since May last is that money has tended to get rather dearer, and there has also been some slight tendency to discriminate against Indian investments. Consequently, when deceased Estates have had to be realised, the Executors have been inclined to sell small amounts of such Debenture Stocks as those of the Madras & Southern Mahratta Railway. The Brokers would say, speaking broadly, that most of the amounts they have bought for your Government have been from deceased accounts.

The present quotation for the 1936 is 74-8. Whilst they cannot speak with any certainty, the Brokers think there might be a possibility that, if that price could be advanced to 80, they might then find it possible to approach some of the larger holders and induce them to sell.

" Copy "

Superintendent, Records Section,
Comptroller's Office, Bangalore.

CV

2/3 2 8/8